EXHIBIT 12

Atlantic Security Bank

Report of Independent Accountants
and Financial Statements
December 31, 2002 and 2001

Atlantic Security Bank

Index to Financial Statements
December 31, 2002 and 2001

Report of Independent Accountants

PricewaterhouseCoopers
P.O. Box 258
Grand Cayman
British West Indies

We have audited the accompanying balance sheet of Atlantic Security Bank (the ¨Bank¨) as of December 31, 2002, and the related statements of income, changes in shareholder's equity and cash flows for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank at December 31, 2002, and of the results of its operations, changes in its shareholder's equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

February 10, 2003
Panama, Republic of Panama

Atlantic Security Bank

Balance Sheet
December 31, 2002 and 2001

(All amounts expressed in thousands of U.S. dollars)

	2002	2001
Assets		
Cash and cash equivalents		
Cash and deposits with banks	$ 592	$ 4,335
Federal funds sold and overnight placements	29,000	22,405
Total cash and cash equivalents	29,592	26,740
Interest-bearing deposits with banks (Note 2)	150,588	158,238
Risk portfolio, net (Note 3)	460,112	492,437
Premises and equipment, net (Note 4)	261	372
Due from customers on acceptance	55	61
Interest receivable	8,316	10,281
Other assets	3,353	3,576
Total assets	$ 652,277	$ 691,705
Liabilities and Shareholder's Equity		
Liabilities		
Deposits		
Non interest-bearing – demand	$ 19,468	$ 54,243
Interest-bearing		
Demand	23,351	20,278
Time	504,308	484,105
Purchased funds	2,823	5,482
Other borrowed funds (Note 5)	3,112	8,247
Acceptances outstanding	55	61
Interest payable	3,827	5,219
Other liabilities	2,066	2,476
Total liabilities	559,010	580,111
Shareholder's equity		
Share capital (Note 8)	40,000	40,000
Reserve for valuation of available for sale financial assets (Note 3)	(7,417)	(8,168)
Retained earnings	60,684	79,762
Total shareholder's equity	93,267	111,594
Total liabilities and shareholder's equity	$ 652,277	$ 691,705

The accompanying notes are an integral part of these financial statements.

Atlantic Security Bank

Statement of Income
For the years ended December 31, 2002 and 2001

(All amounts expressed in thousands of U.S. dollars)

	2002	2001
Interest and Dividend Income		
Interest on deposits with banks, federal funds sold and overnight placements	$ 9,543	$ 11,874
Interest and dividends on financial assets	18,868	23,595
Interest on loans	12,156	18,202
Total interest and dividend income	40,567	53,671
Interest Expense		
Interest on deposits	22,612	34,560
Interest on borrowed funds	315	501
Interest on purchased funds	64	569
Total interest expense	22,991	35,630
Net interest income	17,576	18,041
Provision for loan losses (Note 3)	(1,310)	(320)
Net interest income after provision for loan losses	16,266	17,721
Non-Interest Income (Losses)		
Fees and commissions	5,290	5,285
Net realized (losses) gains on sales of financial assets	(4,038)	3,757
Provision for impairment of financial assets (Note 3)	(8,129)	(11,121)
Foreign exchange gain (loss)	922	(634)
Others	570	379
Total non interest loss	(5,385)	(2,334)
Operating Expenses		
Salaries and employee benefits	5,622	6,526
General and administrative expenses	3,052	3,292
Depreciation and amortization	242	255
Other	43	460
Total operating expenses	8,959	10,533
Net income (Note 11)	$ 1,922	$ 4,854

The accompanying notes are an integral part of these financial statements

Atlantic Security Bank

Statement of Changes in Shareholder's Equity
For the years ended December 31, 2002 and 2001

(All amounts expressed in thousands of U.S. dollars)

	Share Capital	Reserve for valuation of available for sale financial assets	Retained Earnings	Shareholder's Equity
December 31, 2002				
Beginning balance	$ 40,000	$ (8,168)	$ 79,762	$ 111,594
Net change in fair value of available for sale financial assets (Note 3)	-	751	-	751
Net income	-	-	1,922	1,922
Dividends paid	-	-	(21,000)	(21,000)
Ending balance	$ 40,000	$ (7,417)	$ 60,684	$ 93,267
December 31, 2001				
Beginning balance	$ 40,000	$ (5,950)	$ 80,558	$ 114,608
Net change in fair value of available for sale financial assets (Note 3)	-	(2,218)	-	(2,218)
Net income	-	-	4,854	4,854
Dividends paid	-	-	(5,650)	(5,650)
Ending balance	$ 40,000	$ (8,168)	$ 79,762	$ 111,594

The accompanying notes are integral part of these financial statements.

Atlantic Security Bank

Statements of Cash Flows
For the years ended December 31, 2002 and 2001

(All amounts expressed in thousands of U.S. dollars)

	2002	2001
Cash flows from operating activities		
Net income	$ 1,922	$ 4,854
Adjustments to reconcile net income to net cash provided by operating activities:		
Interest expense	22,991	35,630
Interest and dividend income	(40,567)	(53,671)
Provision relating to risk portfolio	9,439	11,441
Depreciation and amortization	242	255
Net decrease in loans	14,278	48,198
Net decrease (increase) in interest-bearing deposits with banks	7,650	(6,397)
Net decrease in deposits	(11,499)	(12,644)
Interest paid	(24,383)	(37,896)
Interest and dividends received	42,532	55,470
Net changes in other assets and other liabilities	(187)	(799)
Net cash provided by operating activities	22,418	44,441
Cash flows from investing activities		
Purchase of financial assets	(279,299)	(339,482)
Disposal of financial assets	288,658	262,387
Capital expenditures	(131)	(138)
Net cash provided by (used in) investing activities	9,228	(77,233)
Cash flows from financing activities		
Net decrease in purchased funds	(2,659)	(12,098)
Net decrease in other borrowed funds	(5,135)	(9,312)
Dividends paid	(21,000)	(5,650)
Net cash used in financing activities	(28,794)	(27,060)
Net increase (decrease in) cash and cash equivalents	2,852	(59,852)
Cash and cash equivalents at beginning of year	26,740	86,592
Cash and cash equivalents at end of year	$ 29,592	$ 26,740

The accompanying notes are an integral parts of these financial statements.

1. Organization and Summary of Significant Accounting Policies

Organization

Atlantic Security Bank (The "Bank"), which is a wholly-owned subsidiary of Atlantic Security Holding Corporation (ASHC), is incorporated under the laws of the Cayman Islands and operates under a Category "B" Banking and Trust license granted by the Government of the Cayman Islands. Credicorp Ltd., a limited liability company organized under the laws of Bermuda, which owns 100% of ASHC's shares, is the ultimate parent company. The Bank is incorporated and domiciled in the Cayman Islands. The address of the registered office is as follows:

Cayman International Trust Building
George Town, Grand Cayman
Cayman Islands, British West Indies

The Bank provides investment banking, financial advisory, trading and investment services to Latin American customers. At December 31, 2002 and 2001, the Bank employed 54 and 87 persons, respectively. The Bank has a Branch in the Republic of Panama ("Panama Branch"), which has an international license granted by the Banking Superintendency of Panama, which allows banks to conduct, exclusively from an office established in Panama, transactions which are intended to take effect outside the country**.** The Bank maintained an Agency in Miami, which was closed at the end of 2002.

These financial statements were approved for issue by president Carlos Muñoz on behalf of the Board Directors of Atlantic Security Bank on February 10, 2003.

Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

Basis of Presentation

These financial statements are prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations issued by the IASB. The financial statements are prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets.

The Bank adopted IAS 39 Financial Instruments: Recognition and Measurement on January 1, 2000. The financial effects of adopting IAS 39 were reported in the previous year's financial statements.

Use of Estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Cash Equivalents

For presentation purposes in the statement of cash flows, the Bank considers as cash equivalents, all highly liquid instruments with original maturities of three months or less. As of December 31, 2002 and 2001, cash equivalents are represented by deposits with banks, federal funds sold and overnight placements.

Financial Instruments

Financial instruments are used by the Bank to manage market risk, facilitate customer transactions, holding proprietary positions and meet financing objectives. Fair value is determined by the Bank based on available listed market prices or broker price quotations. Assumptions regarding the fair value of each class of financial assets and liabilities are fully described in Note 7 to the financial statements.

Financial Risk Management Policies

The Bank's operations are exposed to a wide variety of financial risks, including the effects of changes in prices of debt and equity instruments, foreign currency rates and interest rates.

The Bank seeks to minimize and control its risk exposure through the establishment of a variety of separate but complementary financial, credit, operational and legal reporting schemes. The Bank's Executive Committee, duly authorized by the Board of Directors, determines the type of business in which the Bank engages, also approves guidelines for accepting customers, outlines the terms on which customer business is conducted and establishes the parameters for the risks that the Bank is willing to undertake in its business.

This Executive Committee is responsible for managing and monitoring all of the Bank's risk exposures. Risk exposures are managed through control limits established for position size and overall risk exposure limits. In addition, the Bank maintains proper segregation of duties, with credit review and risk-monitoring functions performed by bodies that are independent from business producing units.

Interest Income and Expense
Interest income and expense are recognized in the statement of income for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investment and accrued discount on debt instruments. When loans become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

Fee and Commission Income
Fees and commissions are generally recognized on an accrual basis when the service has been provided. Loan origination fees for loans which are probable of being drawn down, are deferred and recognized as an adjustment to the effective yield on the loan.

Investments Securities and Purchased Loans
On January 1, 2000 the Bank adopted International Accounting Standard No. 39 (IAS 39) – *Financial Instruments: Recognition and Measurement.* This Standard allows classification of investment securities and purchased loans into the following categories:

Trading – Financial assets that are readily realizable and are acquired with the intention of obtaining profits from market fluctuations.

Held to Maturity – Financial assets with fixed maturities for which management of the Bank has the positive intention and ability to hold until its maturity.

Available-for-Sale – Financial assets Investments intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or changes in interest rates.

The Bank has classified its entire investment portfolio and purchased loans as available-for-sale. Under this category, investment securities and purchased loans are initially recognized at cost, (which includes transaction costs). Unrealized gains and losses arising from changes in the fair value of securities classified as available for sale are recognized as a separate component of shareholder’s equity. When the securities are disposed of or impaired, the related accumulated fair value adjustments are included in the income statement as gains and losses from investment securities. For quoted investments included in this category, quoted market prices are used to determine the fair value of such investments. The fair value of investment funds are determined by reference to the net asset values of the funds as provided by the respective administrators of such funds. While the fair value for purchased loans is based on the present value of expected cash flows.

Management gives the appropriate classification to investments and purchased loans at the time of purchase and evaluates on a regular basis such classification. Purchases and sales of investments are recognized on trade date basis, which is the date that the Bank commits to purchase or sell the asset.

Originated Loans and Allowance for Loan Losses
Loans originated by the Bank by providing money directly to the borrower or to a sub-participation agent at draw down, are categorised as loans originated by the Bank and are carried at amortised cost, which is defined as the fair value of cash consideration given to originate those loans as is determinable by reference to market prices at origination date. Third party expenses, such as legal fees, incurred in securing a loan are treated as part of the cost of the transaction. All loans and advances are recognised when cash is advanced to borrowers.

An allowance for loan losses is established if there is objective evidence that the Bank will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

Foreign Currency Conversion and Translation
Substantially all of the Bank's transactions are performed in U.S. dollars. Foreign currency transactions are translated to U. S. dollars at the prevailing exchange rates. Monetary assets and liabilities expressed in foreign currencies are translated to United States dollars at the prevailing exchange rates as of the balance sheet date. Gains and losses from translation are reflected in the current year’s statement of income.

Premises and Equipment
Premises and equipment are carried at cost, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful life of the related assets. Leasehold improvements are carried at cost, less accumulated amortization provided for on the straight-line method over the lesser of the estimated useful life of the improvements or the lease term. Estimated useful lives are as follows:

Furniture and office equipment	2 to 3 years
Vehicles	5 years
Leasehold improvements	5 years

Gains and losses on disposal of premises and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Major renewals and improvement are capitalized, while maintenance and repairs are recognized as expenses as incurred.

Fiduciary Activities
Assets and income arising thereon together with related undertakings to return such assets to customers are excluded from these financial statements where the Bank acts in a fiduciary capacity such as a nominee, trustee or agent.

Comparatives
Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

2. Interest-Bearing Deposits with Banks

Interest-bearing deposits were deposited as follows:

	December 31,	
	2002	**2001**
	(in thousands of U.S. dollars)	
Banco de Credito del Peru and Subsidiaries (a subsidiary of Credicorp Ltd.)	$ 105,706	$ 83,756
Other Financial Institutions	44,882	74,482
	$ 150,588	$ 158,238

3. Risk Portfolio

Risk portfolio is summarized as follows:

	December 31,	
	2002	**2001**
	(in thousands of U.S. dollars)	
Available-for-sale financial assets, net	$ 299,629	$ 316,366
Loans portfolio, net	160,483	176,071
	$ 460,112	$ 492,437

Atlantic Security Bank

Notes to Financial Statements
December 31, 2002 and 2001

Available-for-Sale Financial Assets
The Available-for-Sale financial assets portfolio is summarized as follows:

	December 31, 2002 (In thousands of U.S. dollars)		
	Cost	Unrealized Gains (Losses)	Fair Value
U.S. Corporate Bonds	$ 127,564	$ (3,644)	$123,920
Non-U.S. Corporate Bonds	6,338	(262)	6,076
Equity Securities (Including Mutual Funds)	40,002	(3,302)	36,700
Emerging Markets Debt Instruments	116,487	(209)	116,278
Purchased Loans	16,655	-	16,655
	$307,046	$ (7,417)	$299,629

	December 31, 2001 (In thousands of U.S. dollars)		
	Cost	Unrealized Gains (Losses)	Fair Value
U.S. Corporate Bonds	$ 83,480	$ (1,638)	$ 81,842
Non-U.S. Corporate Bonds	3,782	(316)	3,466
Equity Securities (Including Mutual Funds)	45,612	(3,279)	42,333
Emerging Markets Debt Instruments	170,921	(2,935)	167,986
Purchased Loans	20,739	-	20,739
	$324,534	$ (8,168)	$316,366

Fair value for available-for-sale financial assets portfolio is represented by available market quotations of active markets where investments are traded and discounted cash flows for purchased loans. Amounts reported in the income statement relating to gains or losses on available-for-sale financial assets are detailed as follows:

	December 31, 2002	December 31, 2001
	(in thousands of U.S. dollars)	
Realized (losses) gains on sales of available-for-sale financial assets	$ (4,038)	$ 3,757

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Notes to Financial Statements
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The movement in available for sale financial assets is summarized as follows:

	December 31, 2002	December 31, 2001
	(in thousands of U.S. dollars)	
At beginning of year	$ 316,366	$ 252,610
Additions	279,299	339,482
Disposals & write downs	(296,122)	(271,674)
Gains (Losses) from changes in fair value	751	(2,218)
Provision for impairment	(665)	(1,834)
At end of year	$ 299,629	$ 316,366

Loan Portfolio

The composition of the loan portfolio by industry is as follows:

	December 31, 2002	December 31, 2001
	(in thousands of U.S. dollars)	
Corporate		
Manufacturing	$ 66,310	$ 57,305
Commercial	16,060	25,384
Financial services	23,360	47,296
Agriculture	5,160	8,225
Real estate and construction	10,859	10,663
Mining	-	178
Transportation and communications	3,910	2,717
Public Utilities	10,000	5,000
Education, health and other services	350	350
Fishing	6,800	6,781
	142,809	163,899
Personal loans and others	19,555	12,860
	162,364	176,759
Less: Provision for loan losses	(1,881)	(688)
	$ 160,483	$ 176,071

Atlantic Security Bank

Notes to Financial Statements
December 31, 2002 and 2001

The distribution for loan portfolio by type of interest rates is as follows:

	December 31, 2002	2001
	(in thousands of U.S. dollars)	
Fixed interest rates	$ 140,152	$ 155,863
Floating interest rates	22,212	20,896
	$ 162,364	$ 176,759

A summary of loans by the geographic location of the borrowers and the respective collateral is as follows:

	December 31, 2002				
	Carrying Value	U.S. Securities and Real Estate	U.S. Dollar Deposits	Other Collateral	Uncollateralized Portion
	(in thousands of U. S. Dollars)				
Peru	$ 94,747	$ 9,101	$ 57,480	$ 25,222	$ 2,944
Bolivia	22,020	-	-	20	22,000
Argentina	10,000	-	-	-	10,000
Dominican Republic	10,000	-	-	-	10,000
Colombia	9,527	-	7,921	1,606	-
Honduras	4,947	-	-	4,947	-
United States of America	2,925	-	2,925	-	-
Venezuela	2,700	-	2,700	-	-
Nicaragua	2,000	-	-	-	2,000
Guatemala	1,500	-	-	-	1,500
Cayman Islands	1,194	-	-	1,194	-
El Salvador	566	-	-	566	-
Panama	238	-	238	-	-
	$ 162,364	$ 9,101	$ 71,264	$ 33,555	$ 48,444

	December 31, 2001				
	Carrying Value	U.S. Securities and Real Estate	U.S. Dollar Deposits	Other Collateral	Uncollate-ralized Portion
	(in thousands of U. S. Dollars)				
Peru	$ 130,753	$ 4,488	$ 83,014	$ 42,845	$ 406
Bolivia	12,000	-	-	-	12,000
Colombia	10,190	-	7,699	2,491	-
Venezuela	7,700	-	2,700	-	5,000
Honduras	5,500	-	-	5,500	-
United States of America	3,217	-	3,217	-	-
Cayman Islands	395	-	-	395	-
Guatemala	500	-	-	-	500
El Salvador	711	-	-	711	-
Panama	1,469	885	584	-	-
Nicaragua	4,324	-	-	324	4,000
	$ 176,759	$ 5,373	$ 97,214	$ 52,266	$ 21,906

Changes in the provision for valuation of investment securities and allowance for loan losses are as follows:

	December 31, 2002		
	Provision for impairment of Investment Securities	Allowance for Loan Losses	Total
	(in thousands of U.S. dollars)		
Balance at beginning of year	$ 1,834	$ 688	$ 2,522
Increase	8,129	1,310	9,439
Written off	(9,298)	(117)	(9,415)
Balance at end of year	$ 665	$ 1,881	$ 2,546

	December 31, 2001		
	Provision for impairment of investment Securities	Allowance for Loan Losses	Total
	(in thousands of U.S. dollars)		
Balance at beginning of year	$ 120	$ 405	$ 525
Increase	11,121	320	11,441
Written off	(9,407)	(37)	(9,444)
Balance at end of year	$ 1,834	$ 688	$ 2,522

As of December 31, 2002, there were no loans in non accrual status, while in year 2001 non accrual loans amounted to $51 thousand.

4. Premises and Equipment

A summary of premises and equipment is as follows:

	December 31, 2002	December 31, 2001
	(in thousands of U.S. dollars)	
Furniture and office equipment	$ 1,113	$ 2,188
Vehicles	70	160
Leasehold improvements	308	627
	1,491	2,975
Less – Accumulated depreciation and amortization	(1,230)	(2,603)
	$ 261	$ 372

Changes in premises and equipment for 2002 are detailed as follows:

	Cost	Depreciation and Amortization
	(in thousands of U. S. dollars)	
Beginning balance	$ 2,975	$ 2,603
Additions	131	-
Depreciation charge	-	242
Disposals	(1,615)	(1,615)
Ending balance	$ 1,491	$ 1,230

5. Other Borrowed Funds

At December 31, 2002 and 2001, the Bank had borrowed $3,112 thousand and $8,247 thousand respectively, from financial institutions. The amounts mature within one year of the balance sheet date.

Atlantic Security Bank

**Notes to Financial Statements
December 31, 2002 and 2001**

The following table details the Bank's other borrowed funds:

	December 31, 2002	December 31, 2001
	(in thousands of U.S. dollars)	
Amount outstanding at the end of the year	$ 3,112	$ 8,247
Average outstanding during the year	$ 6,508	$ 16,147
Maximum outstanding at any month end	$ 11,195	$ 31,618

6. Balances and Transactions with Related Parties

The term related parties is defined by management to encompass other affiliated parties in which there exists control or significant influence through common ownership, management or directorship.

Related party balances and transactions comprise:

	December 31, 2002	December 31, 2001
	(in thousands of U.S dollars)	
Assets:		
Interest-bearing deposits with banks	$ 105,706	$ 83,756
Risk Portfolio:		
Investments in mutual funds managed by the Bank and other related parties	4,222	7,948
Investment in Credileasing	-	2,968
Loans	22,429	54,690
Acceptances	-	11
Other assets	3,263	3,237
Liabilities:		
Deposits (demand and time)	$ 17,471	$ 21,829
Other borrowed funds	-	4,724
Acceptances	-	11
Off – balance sheet:		
Commitments for letters of credit	$ 44	$ 2,365
Investment on behalf of customers	211,055	214,290
Guarantees received	1,018	30
Guarantees granted	99,681	67,811

	Years ended December 31,	
	2002	**2001**
	(in thousands of U.S dollars)	
Transactions:		
Interest and dividend income	$ 9,196	$ 10,266
Interest expense	397	851
Commissions and fees, net	2,676	2,908
Net realized loss on sale of securities	(364)	-

At December 31, 2002 and 2001, loans receivable from related parties of $20,855 thousand and $14,065 thousand are not included in the balance sheets due to full risk participations having been sold to customers.

As of December 31, 2002 and 2001 the Interest - bearing deposits with banks include deposits with Banco de Crédito del Perú of $97,008 thousand and $68,478 thousand, respectively, where full risk participation has been sold to customers without recourse to the Bank and the full amount is guaranteed by deposits received from customers.

7. Financial Risk Management

Capital Adequacy

The Bank monitors its capital adequacy using ratios comparable to those suggested by the Basle Committee on Banking Regulations and Supervisory Practices. The capital adequacy ratio measures capital adequacy by comparing the Bank's eligible capital with its balance sheet assets, off-balance sheet commitments and other risk positions at a weighted amount. These internal ratios are based on an Internal Value At Risk Model. The Value At Risk measure used by the Bank is an estimate of the potential loss that may occur if assets have remained unchanged during a specific period of time and downward market volatility affects the general risk exposures (interest rate, market and credit risk) of the Bank.

The market risk approach used by the Bank to calculate its capital requirements covers the general market risk of the Bank's operations and the specific risks of open positions in currencies and debt and equity securities included in the risk portfolio. Assets are weighted according to broad categories of notional credit risk, being assigned a risk weighting average according to the capital amount deemed to be necessary to support them. Four categories of risk weights (0%, 20%, 50%, 100%) are applied. For example cash and cash collateralized loans have zero risk weighting which means that no capital is required to support the holding of these assets. Premises and equipment carries a 100% risk weighting, meaning that it must be supported by capital equal to 15% of the carrying amount.

The Risk weighted amounts of assets and commitments of the Bank as of December 31, 2002 are as follows:

Balance Sheet Assets and Off-Balance Sheet Positions (Net of Reserves)	Weight %	Nominal Amount	Weighted Assets
		(in thousand of U. S. dollars)	
Cash	**0**	$ 13	$ -
Deposits with banks	**20**	180,167	36,033
Available-for-sale securities Zone A, Government and Bank - Up to 1 year	**20**	6,823	1,365
Available-for-sale securities	**100**	292,806	292,806
Cash collateralized loans	**0**	74,704	-
Bank loans	**20**	2,018	404
Other loans	**100**	83,761	83,761
Premises and equipment	**100**	261	261
Other assets	**100**	11,669	11,669
Customers' acceptances	**20**	8	2
Cash collateral customer's acceptances	**0**	47	-
Letters of credit	**100**	3,816	3,816
Cash covered letters of credit	**0**	8,766	-
Asset pledged on behalf third parties (Cash collateralized portion)	**0**	99,269	-
Assets pledged on behalf of third parties	**100**	412	412
Total risk weighted assets			$ 430,529
Capital base			$ 93,267
Capital Adequacy Ratio as of December 31, 2002			**21.66%**
Capital Adequacy Ratio as of December 31, 2001			**26.05%**
Minimum Capital Adequacy Regulatory Ratio			**15%**

Credit Risk

The Bank takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and the geographical segment. Such risks are monitored on a revolving basis and subject to a periodic review. Limits on the level of credit by product and country are reviewed and approved quarterly by the Board of Directors.

Financial assets which potentially subject the Bank to concentrations of credit risk consist primarily of cash and cash equivalents, interest-bearing deposits with banks, certain available for sale investment securities, loans and other assets. Cash and cash equivalents and interest bearing deposits with banks are placed either with related parties or reputable financial institutions. An analysis of the Bank's available for sale securities and loans is provided in Note 3.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

Credit Related Commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same risk as loans. Documentary and commercial letter of credit, which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Company up to a stipulated amount under specific terms and conditions, are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

The Bank's credit policies and procedures to approve credit commitments, guarantees and commitments to purchase and sell securities are the same as those for extension of credits that are recorded on balance sheet and take into account the collateral and other security, if any.

Interest Rate Risk

The Bank takes on exposure to the effects of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. Interest margins may increase as of result of such changes but may reduce or create losses in the event that unexpected movement arise.

The table below summarizes the Bank's exposures to interest rate risks. Included in the table are the Bank's assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

	2002						
Assets	**Up to 1 month**	**1 - 3 months**	**3 - 12 months**	**1 - 5 years**	**Over 5 years**	**Non interest bearing**	**Total**
Cash and cash equivalents	$ 29,000	$ -	$ -	$ -	$ -	$ 592	$ 29,592
Due from banks	$ 63,430	$ 47,739	$ 33,112	$ 5,538	$ 769	$ -	$ 150,588
Investments	$ 5,117	$ 40,264	$ 41,127	$ 126,856	$ 50,817	$ 35,448	$ 299,629
Loans	$ 65,140	$ 24,361	$ 61,415	$ 4,985	$ 4,582	$ -	$ 160,483
Other assets	$ -	$ -	$ -	$ -	$ -	$ 11,985	$ 11,985
	$ 162,687	$ 112,364	$ 135,654	$ 137,379	$ 56,168	$ 48,025	$ 652,277

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Liabilities	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non interest bearing	Total
Deposits:							
Non-interest bearing	$ -	$ -	$ -	$ -	$ -	$ 19,468	$ 19,468
Interest bearing	$ 181,629	$ 123,417	$ 165,186	$ 52,072	$ 5,355	$ -	$ 527,659
Purchased funds	$ 2,823	$ -	$ -	$ -	$ -	$ -	$ 2,823
Other borrowed funds	$ -	$ -	$ 3,112	$ -	$ -	$ -	$ 3,112
Other liabilities	$ -	$ -	$ -	$ -	$ -	$ 5,948	$ 5,948
	$ 184,452	$ 123,417	$ 168,298	$ 52,072	$ 5,355	$ 25,416	$ 559,010
Total interest sensitivity gap	$ (21,765)	$ (11,053)	$ (32,644)	$ 85,307	$ 50,813		

	2001						
Assets	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non interest bearing	Total
Cash and cash equivalents	$ 22,405	$ -	$ -	$ -	$ -	$ 4,335	$ 26,740
Due from banks	$ 97,285	$ 24,070	$ 27,752	$ 8,034	$ 1,097	$ -	$ 158,238
Investments	$ 1,159	$ 4,942	$ 17,520	$ 173,259	$ 77,153	$ 42,333	$ 316,366
Loans	$ 75,951	$ 25,118	$ 52,720	$ 16,597	$ 5,685	$ -	$ 176,071
Other assets	$ -	$ -	$ -	$ -	$ -	$ 14,290	$ 14,290
	$ 196,800	$ 54,130	$ 97,992	$ 197,890	$ 83,935	$ 60,958	$ 691,705

Liabilities	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non interest bearing	Total
Deposits:							
Non-interest bearing	$ -	$ -	$ -	$ -	$ -	$ 54,243	$ 54,243
Interest bearing	$ 213,578	$ 129,638	$ 123,479	$ 31,286	$ 6,402	$ -	$ 504,383
Purchased funds	$ 5,482	$ -	$ -	$ -	$ -	$ -	$ 5,482
Other borrowed funds	$ 3,247	$ 5,000	$ -	$ -	$ -	$ -	$ 8,247
Other liabilities	$ -	$ -	$ -	$ -	$ -	$ 7,756	$ 7,756
	$ 222,307	$ 134,638	$ 123,479	$ 31,286	$ 6,402	$ 61,999	$ 580,111
Total interest sensitivity gap	$ (25,507)	$ (80,508)	$ (25,487)	$ 166,604	$ 77,533		

The table below summarizes the weighted average interest rates for assets and liabilities as at December 31, 2002 and 2001:

	2002		2001	
	% end of year	During the year	% end of year	During the year
Assets				
Interest bearing deposits with banks	6.79	5.58	6.07	6.40
Investments	6.36	6.04	7.95	7.87
Loans	6.67	7.46	8.41	9.44
Liabilities				
Deposits	4.37	4.78	4.59	6.01
Borrowed funds	2.00	2.90	3.14	4.63

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Liquidity Risk

The Bank is exposed to daily calls on its available cash resources from overnights deposits, current accounts, maturing deposits, loans draw downs and guarantees. The Bank does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. At December 31, 2002 and 2001 the Bank holds a substantial amount of investment grade securities which management considers a secondary liquidity source.

The table below analyses assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date.

Assets	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Without Maturity/ Past Due Loans	Total
Cash and cash equivalents	$ 29,592	$ -	$ -	$ -	$ -	$ -	$ 29,592
Due from banks	$ 63,429	$ 47,739	$ 33,112	$ 5,538	$ 770	$ -	$ 150,588
Investments	$ 4,316	$ 31,042	$ 27,093	$ 143,912	$ 56,566	$ 36,700	$ 299,629
Loans	$ 31,791	$ 30,039	$ 74,536	$ 15,949	$ 4,965	$ 3,203	$ 160,483
Other assets	$ -	$ -	$ -	$ -	$ -	$ 11,985	$ 11,985
Total assets 2002	$ 129,128	$ 108,820	$ 134,741	$ 165,399	$ 62,301	$ 51,888	$ 652,277

Liabilities	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Without Maturity Past Due Loans	Total
Deposits:							
Non-interest bearing	$ 19,468	$ -	$ -	$ -	$ -	$ -	$ 19,468
Interest bearing	$ 181,629	$ 123,417	$ 165,186	$ 52,072	$ 5,355	$ -	$ 527,659
Purchased funds	$ 2,823	$ -	$ -	$ -	$ -	$ -	$ 2,823
Other borrowed funds	$ -	$ -	$ 3,112	$ -	$ -	$ -	$ 3,112
Other liabilities	$ -	$ -	$ -	$ -	$ -	$ 5,948	$ 5,948
Total liabilities 2002	$ 203,920	$ 123,417	$ 168,298	$ 52,072	$ 5,355	$ 5,948	$ 559,010
Net liquidity gap 2002	$ (74,792)	$ (14,597)	$ (33,557)	$ 113,327	$ 56,946	$ 45,940	$ 93,267
Total assets 2001	$ 183,386	$ 61,127	$ 107,914	$ 198,582	$ 83,935	$ 56,761	$ 691,705
Total liabilities 2001	$ 275,265	$ 134,638	$ 124,764	$ 31,286	$ 6,402	$ 7,756	$ 580,111
Net liquidity gap 2001	$ (91,879)	$ (73,511)	$ (16,850)	$ 167,296	$ 77,533	$ 49,005	$ 111,594

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank. It is unusual for banks ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but also increase the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest rates and exchange rates.

Liquidity requirements to support calls under guarantees and stand by letters of credit are considerably less than the amount of the commitment because the Bank does not generally expect the third party to draw funds under agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent, future cash requirements, since many of these commitments will expire or terminate without being funded.

Fair Value of Financial Instruments
Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market prices, if one exists.

For quoted investments, quoted market prices are used to determine the fair value of such investments. The fair value of investment funds are determined by reference to the net asset values of the funds as provided by the respective administrators of such funds.

Fair values among financial institutions are not comparable due to the wide range of permitted valuation techniques and numerous estimates that must be made. This lack of objective valuation standard introduces a great degree of subjectivity to these derived or estimated fair values. Therefore, readers are cautioned in using this information for the purposes of evaluating the financial condition of the Bank compared with other financial institutions. The following summary presents the methodologies and assumptions used to estimate the fair value of the Bank's financial instruments:

- *Cash and due from banks, interest-bearing deposits with banks, federal funds sold and overnight placements.* The fair values of these financial assets are considered to approximate their respective carrying values due to their short-term nature.

- *Available for sale securities*. The fair values are based on quoted market prices.

- *Loans.* The fair value of the loan portfolio approximates its carrying value due to either the short-term nature of loans and/or the fact that the loan portfolio is composed mainly of cash collateral loans.

- *Deposits, purchased funds and other borrowed funds.* The fair value of these financial liabilities approximates their respective carrying values due to either their short-term nature and/or the fact that their interest rates are comparable to those available for liabilities with similar terms and conditions.

8. Share Capital

The number of authorized, issued and outstanding ordinary shares of the Bank as of December 31, 2002 and 2001 was 40,000 thousand at $1 per share.

9. Contingent Liabilities and Commitments

The financial statements do not reflect various commitments and contingent liabilities which arise in the normal course of business and which involve elements of credit and liquidity risk. Among such commitments and contingent liabilities are commercial letters of credit, standby letters of credit and guarantees and commitments to purchase and sell securities. The commitments and contingencies consist of:

	December 31, 2002	2001
	(in thousands of U.S. dollars)	
Commercial letters of credit	$ 200	$ 2,634
Standby letters of credit and guarantees	12,382	18,614
Commitments to extend credit	-	5,000
Assets pledged on behalf of third parties (Note 6)	99,681	67,811
Commitments to extend credit under credit card plans	-	3,092

Commercial and standby letters of credit and guarantees include exposure to credit risk in the event of nonperformance by the customers. Risks also arise from the possible nonperformance by the counterparty to the transactions.

Since standby letters of credit and guarantees have fixed maturity dates and many of them expire without being drawn upon, they do not generally present a significant liquidity risk to the Bank.

10. Fiduciary Activities

The Bank provides custody, trustee, investment management and advisory services to third parties which involve the Bank making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements. These services give rise to the risk that the Bank will be accused of failing to fulfill its fiduciary duties and responsabilities.

Assets managed on behalf of customers of the Bank comprised of loans and investment securities totaling $545,337 thousand and $421,980 thousand, in 2002 and 2001 respectively. These assets include mutual funds with net assets of $214,331 thousand and $213,189 thousand, according to statements of net assets prepared by the funds' management at December 31, 2002 and 2001 respectively.

11. Income Taxes

The Bank is not subject to taxation in the Cayman Islands or Panama since its activities are carried out offshore.

12. Concentration of Assets and Liabilities

At December 31, 2002 and 2001, the geographic concentration of significant assets (cash and cash equivalents, interest – bearing deposits with banks and risk portfolio) and liabilities (deposits, purchased funds and other borrowed funds) is as follows:

	December 31, 2002	
	Assets	**Liabilities**
	(in thousands of U.S dollars)	
Latin America and the Caribbean	$ 430,268	$ 542,234
United States of America	198,751	10,740
Other countries	11,273	88
	$ 640,292	$ 553,062

	December 31, 2001	
	Assets	**Liabilities**
	(in thousands of U.S dollars)	
Latin America and the Caribbean	$ 473,605	$ 556,124
United States of America	195,420	16,019
Other countries	8,390	212
	$ 677,415	$ 572,355